WAIS Inc

June 18, 1994

WAISites,

This should be a fun and productive meeting where we get to direct WAIS Inc's next 2 years. Thank you for helping.

WAIS Inc is one of very few profitable Internet companies-- a very hot area with lots of new entrants. We have the opportunity to grow this company hard and fast.

We have put together a set of materials about our company, but other materials are available. Please read these materials and suggest inspiring background reading for others to read.

Sincerely yours,

Brewster Kahle

WAIS Inc Planning Meetings
Brewster Kahle
June 5, 1994
Company Confidential

Goal: Create the company product and partner strategy for the next 2 years.

How: Sequester the board and management, with advisors and employees when appropriate. The result is a written plan somewhat like a business plan, but with the focus of guiding management.

When: June, 1994.
June 18   Distribute materials
June 20   Staff meeting with participants
June 19,21   Planning meeting at WAIS Inc offices
Rest of June Follow-up and Refinement

Who (alphabetical): Bill Dunn, Brewster Kahle, Bruce Gilliat, Gary Hromadko, John Duhring, Nick Scharf. Others as appropriate.

After: Advisory council for our direction: Terry Winograd Stanford, Peter Lyman UCLA, Bill from AOL, Lew Tucker TMC, Bob Clark EB, ...?

Suggested Agenda:

What lessons can we draw from our 2 years?
What markets are we are trying to serve?
What is our product/service going to be?
What technology changes and competition is likely in our market?
What is our partner strategy?
What are our revenue targets?
How much outside money do we need?
What company structure is required meet this plan?

I have included a set of materials that give some background on where we are now. This is not meant to be a proposal, but rather background on our company.

Revenue By WAIS Fiscal Quarter
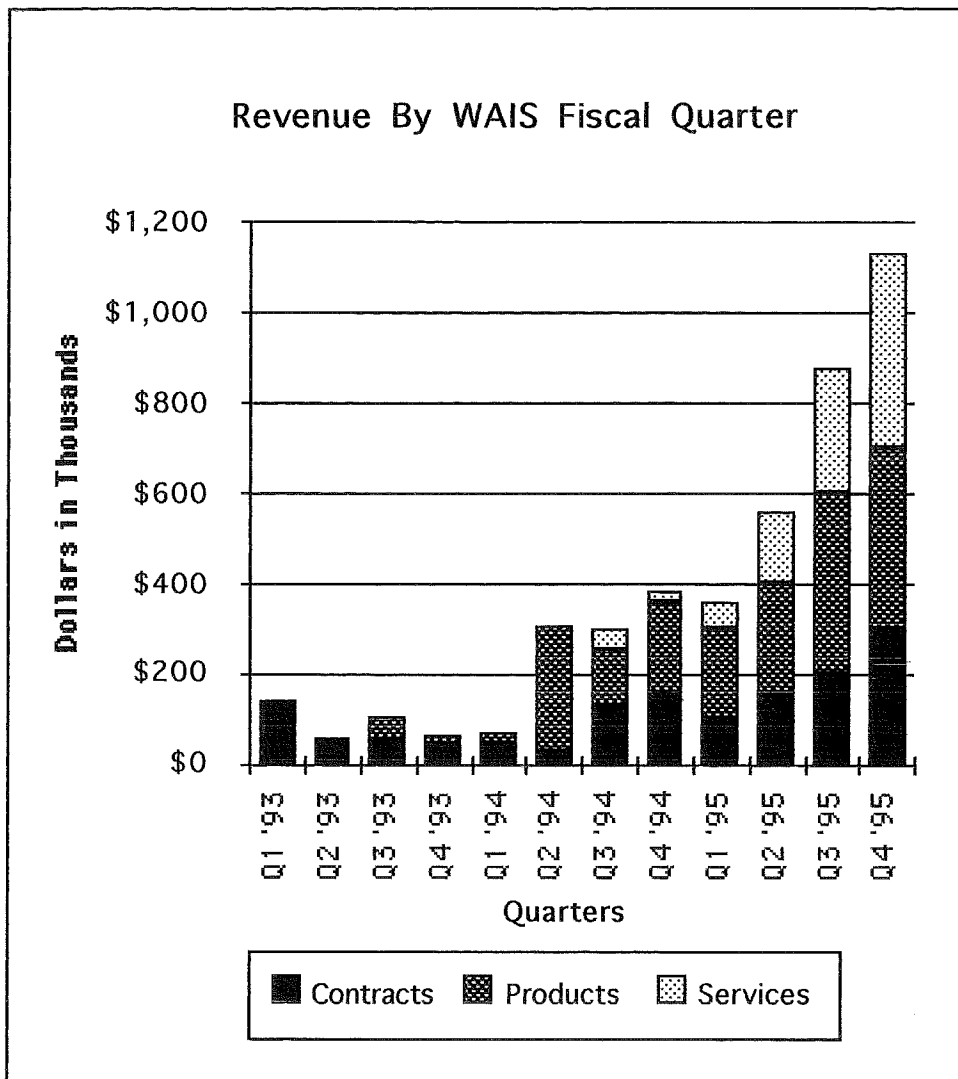
Not confirmed numbers. Fiscal 94 is July 1, 1993 to June 30, 1994 (almost over)

Fiscal	1994:	1995 bookings	1995	1996
revenue:	1,338,287	348,785	3M	10M
Expenses:	788,089			
Profit:	550,198			

WAIS Inc Current Business

Brewster Kahle
June 6, 1994
Company Confidential

WAIS Inc sells tools and services to network publishers. Network publishers are traditional publishers, government, libraries, and distributed corporations that want to make textual and image information available over networks.

To achieve these goals we pursue contract work, sell products, and are starting to run a network publishing operation ourselves. Broken out here is government in DC work since it is growing to be more and more distinct from our Menlo Park operations.

Overall business plan:
      1993   Contract work, build the product 1.0
      1994   Sell the product, build info services, continue contracts, build v
2.0
      1995   Sell products, scale up Info Systems, license parts of product
      1996   Info generating significant royalty, selling products, high profile
contracts

Government Systems and Sales for Fiscal 1994 (July 93-Jun 94)

Selling to the government is 50% of our business broken up into contract (17%) and product sales (33%). Our two big contracts came through and are proceeding well. The product sales are often closely related to the contract work. We have one person full time on contract fulfillment and sales (Kevin Oliveau), and Brewster is spending a decreasing amount of time in sales.

If we do not actively push this area, we will probably lose it. Strategy decisions:
      • Make a self supporting DC office (total cost: $200k for fiscal '95)
      • More on sales front?

Q4 93-Q1 94: Open Source, and DTIC are our major accounts for building information services. DTIC based in DC and Open Source is both Menlo Park and DC.

Systems Sales Fiscal 1994 (July 93-Jun 94)

This contract work is pre-paid work for customers (other than government) (15% of our business). This breaks into publishing systems and protocol piece integration (4% of our business).

On publishing systems we have 2 people and 2 main contracts (John Duhring, Dan Aronson; and DowJones and Scholastic). On protocol licensing we have 1 person and 2 new contracts (Margaret St Pierre; Fulcrum and Conquest). Sales is a decreasing part of Brewster's time.

Both of these areas will need at least 1 more technical person each.

Strategy decisions:
- Do we focus on sales to publishers?

Our selling structure on this has been to write lots of proposals. Getting more efficient at this is important. We are missing opportunities in this area by our proposal writing volume. We are starting to move from $25k-$50k proposals to $100k-200k proposals.

Q4 93-Q1 94: DowJones is our major account based in Menlo Park.

WAIS Inc Products Fiscal 1994 (July 93-Jun 94)

Product sales are "on-the-pricelist" sales. 68% of total sales = 33%gov + 33%com + 2%edu. These are often part of contracts so the sales of our products often resemble contract sales. Most of our product sales have come from people who have used the freeware for a long time.

We stand to fall behind this area if we do not invest more in product development. Strategy decisions:
- Reorganize our server product to allow independent development?
- Better marketing and OEM sales efforts?
- Recruit an Engineering manager?

Our pricing of our products is lower than competition (other than freeware) to try to get volume. We, only now have a sales force, so our success here is limited. OEM sales where our product is bundled or pieces modified and sold are an increasing part of our sales. The sales cycle is long-- we have not gotten precise numbers but it is over a year since they start using WAIS, and 6-9 months after they start to consider buying the commercial software.

This year's strategy is to add a marketing person to this line of business and continue to upgrade our server product line while adding new components to the product line.

The company structure for supporting this work is very flat-- An engineering plus marketing meeting helps form the basis of the products we will pursue, and then individual project leaders help define the product features and schedules. Sales of these products is done by Bruce Gilliat and Kevin Oliveau.

Goals for next year: Have the finest commercial Internet server product on the market. Gateway to many popular networks. Understand the sales cycle and process.

Technology Outlook

Brewster Kahle
June 16, 1994
Company Confidential

Roughly, there seems to be a few trends that affect us (what am I missing?):

- Dial-up connections to the Internet will be a non-issue bringing TCP/IP to home users at 14.4kb/sec (and newer faster modems). Small business are still out in the cold.

- World Wide Web (Mosaic) has taken the Internet by storm. It is deficient, but usable. It future is uncertain because of a central entity to keep it together. We may see many semi-compatible commercial systems based on different versions of different protocols. Z39.50 now has an uphill battle.

- Some of CD-ROM market is turning to online. This trend could speed up.

- All publishers must have a network publishing strategy (because of hype).

- Unix is the dominant server platform, but something else is likely to appear for the corporate market based on lack of user-friendly aspects. NT? Windows (Cairo)? OS2 is losing; Taligent is late; Novell is possible, but...

- Internet growth is strong, but few corporations have TCP to the desktop, but it is growing.

- Many many startups are jumping into the Internet non-market.

Sample Internet Server Product
Brewster Kahle with input from Harry Morris

Some major options:
    License pieces to others
    License IR pieces from others
    Corporate information server
    Internet publishing platform for documents

Product description: Internet publishing platform for documents.

Platforms: Unix, Windows, CDROM
Time till first ship: 12-18 months
Protocols: HTTP(WWW/Mosaic), Z39.50-v2 (client-server)
People: 3 to start, 7 by the end.
    Eng mgr, 4 engineers, 1 documentation, 1 support, .5 marketing
Cost: $1M for building 1.0. Marketing?
Cooperating companies: Intel, Apple, Sun, AOL
Competing companies: freeware, Mosaic Inc, InfoSeek,
    NovX?, Oracle, Microsoft.
Distribution: freeware eval version,
    $1k-$5k small server,
    licensed big version.
Features:
    billing, security
    modular for licensing and modification
    Integrated CDROM/Online solution
    Authoring
    SGML integration

	1994	1995	1996	1997
# customers:	30	100	700	2000
Revenue/cust($/yr):	20k	15k	5k	5k
WAIS Revenue ($):	.7M	1.5M	3.5M	10M

Sample Internet Service

Some major options:
    Be a service bureau for publishers
    Go after sucessful CDROM db's to put data online
    Go after sucessful Dialog db's to put them on the Internet
    Go after catalog type sales to sell products
    Construct a information service for businesses
    Construct a information service for medicine
    Construct a information service for law
    Construct a information service for techies: MIS/sysadmins
    Internet library system: bboards, email, ftp (basis of an AOL)

Product description: Information Service for Businesses

Platforms: Novell Windows, Lotus Notes, Mosaic, FAX
Time till first ship: 12-18 months
People: 4 to start, 9 by the end then large sales staff.
    Publisher sales, Eng mgr, 3 engineers, 1 UI designer, 1 support, 1
    sysadmin, 1 marketing.
Cost: $1.5M for building. Tremendous cost to establish our name and
reputation.
Cooperating publishers: DowJones, NYTimes, ...
Cooperating tech companies: Novell, Lotus, Mosaic Inc
Competition: Dialog, Nexis, etc.; Reuters, AP, LATimes; new Inet co's
Sales strategy: telesales direct? var?
Features:
    Comprehensive listings of: companies, products, people
    Alerts based on profiles. (human assisted?)

	1994	1995	1996	1997
Subscribers:	0	2k	10k	50k
Revenue/subscriber ($/yr):	0	100	100	100
WAIS Revenue ($):	0	.2M	1M	5M

Partner Strategy

Currently we do not have a "partner strategy", but it would help us to deliniate one. This is a list of our current partners to give a background.

A "partner" should be an important relationship with some multiplier effect. What do we want to get out of these important companies? Are we missing something? Are we sleeping with the enemy? What focus would be helpful?

Hardware companies: Intel, Apple, Sun
Client vendors: Ensemble, AppleSearch
Vertical App companies: Helpdesk, library, publishers, CDROM companies
Search engines: Fulcrum, Conquest, PLS
VAR/Integrators: PRC, RJO, NZ, Italy, France
Publishers: DowJones, EB, Scholastic, WestLaw
Foreign subsidiaries: Fujitsu, EB Japan
Network distributors: AOL

Current Company Structure
Brewster Kahle
June 18, 1994
Company Confidential

Ownership: 74% Brewster, 26% pool, about 14% allocated.

Funding (brewster): $70k currently, peaked at $100k.

Board: Bill Dunn, Brewster Kahle, John Duhring

President: Brewster Kahle
VP Business Info Services: John Duhring
VP of Sales Marketing: Bruce Gilliat

Dia Cheney:	Human resources, bookkeeper, accnts payable receivable
Harry Morris:	Architect, primary product development
Kevin Oliveau:	DC manager/sales/contract fulfillment
Ben Lai:	Technical Support
Margaret St Pierre:	Protocol engineer (based in Philadelphia)

Gary Hromadko:	Financial advisor to the board
Nick Sharf:	Financial advisor
Ottavia Bassetti:	Consultant on publishing projects

Lawyers:	Wayland Brill of Hopkins and Carley
Bank:	University National

Major options:
Pursue sale of the company (AOL)
Raise money by equity corporate partners (AOL, Fujitsu?)
Raise money by VC (put us on a going-public track?).
Donate 51% of stock (brewster's) to a new non-profit organization.
Start subsidiaries:
     WAIS-fed DC spin-off, Fujitsu joint venture, EB Japan joint venture.

WAIS Inc. 1993 Cash Flow Projections

Company Confidential, 6/8/94

	1993 Total	1994 Total	Jul-93	Aug-93	Sep-93	Oct-93	Nov-93	Dec-93	Jan-94	Feb-94	Mar-94	Apr-94	May-94	Jun-94	Rest of 94	1995	1996
Receivables																	
Curtin	5,000	0															
U tenn		5,000			5,000												
Stanford Univ		15,000							15,000								
Rice	50,000	0															
Total:Edu	55,000	20,000	0	0	5,000	0	0	0	15,000	0	0	0	0	0	0	0	0
EB	5,000	72,000	2,000				60,000	5,000		5,000							
Intel		10,000		10,000													
pacbell		5,000	5,000														
Fujitsu		155,000					55,000								100,000		
ITU		5,000										5,000					
Boeing		69,300				34,300		35,000									
NCMS		15,000						15,000									
MarCorp		0															
WestLaw		60,000						30,000			30,000						
Delphi		15,000									15,000						
Adobe		12,000										12,000					
NY Law Publish		15,000												15,000			
Novell		15,000											15,000				
Subtotal: Com	5,000	448,300	7,000	10,000	0	34,300	115,000	85,000	0	5,000	50,000	12,000	15,000	15,000	100,000	0	0
Mitre		50,000			30,000	5,000						15,000					
Eisenhower/Ohio	5,000	10,000											10,000				
GPO		40,000							15,000	10,000			15,000				
EG&G		100,000				15,000						85,000					
LL Nat'l Labs		15,000				15,000											
USGS		5,000				5,000											
Lib of Congress		12,500									12,500						
SAIC		5,000						5,000									
HIS		15,000									15,000						
DOE- Tenn		15,000										15,000					
Los Alamos		15,000										15,000					
Govt Site License		160,000													160,000		
Subtotal: Gov	5,000	442,500	0	0	30,000	40,000	0	5,000	15,000	10,000	27,500	130,000	25,000	0	160,000	0	0
Total Products	65,000	910,800	7,000	10,000	35,000	74,300	115,000	90,000	30,000	15,000	77,500	142,000	40,000	15,000	260,000	0	0
Perot	200,000	0															
Scholastic		25,000					25,000									25000	
NASA, JSC		45,570								22,785			22,785			22,785	
Dow Jones		75,000							50,000				0	25,000		25000	
Fulcrum		50,000												50,000		150,000	
Pandora		4,500						4,500									
Intel																30000	
Total Systems	200,000	200,070	0	0	0	0	25,000	4,500	50,000	22,785	0	0	22,785	75,000	0	222,785	0
Lib-o-Congress	12,000	19,500			19,500												
Secret	80,000	0															
DTIC		74,000										50,000		24,000		126,000	
Open Source		129,167								35,000	81,167		13,000				
EPA		4,750		4,750													
Total Gov Sys	92,000	227,417	0	4,750	19,500	0	0	0	0	35,000	81,167	50,000	0	37,000	0	126,000	0

Total 100%	357,000	1,338,287	7,000	14,750	54,500	74,300	140,000	94,500	80,000	72,785	158,667	192,000	62,785	127,000	260,000	348,785	0
Projected Receivables:																	
Total Products	65,000	910,800	7,000	10,000	35,000	74,300	115,000	90,000	30,000	15,000	77,500	142,000	40,000	15,000	260,000	1,850,000	3,000,000
Total Systems	200,000	200,070	0	0	0	0	25,000	4,500	50,000	22,785	0	0	22,785	75,000	0	750,000	3,000,000
Total Gov Sys	92,000	227,417	0	4,750	19,500	0	0	0	0	35,000	81,167	50,000	0	37,000	0	400,000	1,000,000
Total Revenue	357,000	1,338,287	7,000	14,750	54,500	74,300	140,000	94,500	80,000	72,785	158,667	192,000	62,785	127,000	260,000	3,000,000	7,000,000
Investment-bk																	
Total	4,211	44,500	20,000	4,500	20,000	0	0	0	0	0	0	0	0	0	0		
Expenses	Total	Total															
G & A (total)	4,592	30,800	2,289	394	5,651	714	777	1,388	1,134	2,361	5,278	1,706	4,959	4,150			
Rent	15,310	36,240		4,000	3,000	3,000	3,000	3,000	3,300	3,390	3,320	3,270	3,480	3,480			
Equip&Supply(T)	82,460	100,608	994	1,509	2,379	12,450	19,161	12,849	7,295	12,185	3,500	7,029	7,656	13,600			
Accounting	5,000	8,700	500	500	1,400	3,460	0	0	870	450	1,120	0	0	400			
Taxes	20,103	89,570	1,240	1,779	3,236	3,422	688	1,037	3,907	14,795	14,396	13,617	15,453	16,000			
Legal	20,787	8,715	1,268	1,268	878	1,083	0	995	910	0	514	899	0	900			
Mktg &Ad (T)	7,344	12,709	0	0	0	170	0	0	1,087	3,586	1,544	600	3,122	2,600			
Phones/Network	17,391	37,817	1,532	1,532	2,649	814	4,310	7,811	3,862	4,098	2,417	2,289	3,303	3,200			
Travel	39,762	36,870			2,202	6,101	5,021	3,723	1,150	3,373	2,590	3,964	5,246	3,500			
Salaries	237,789	382,502	0	14,895	30,232	22,124	29,152	97,173	36,424	28,951	32,086	28,035	30,998	32,432			
Employee Benefit	0	14,233	0	0	0	306	0	1,100	1,111	3,326	1,663	2,812	1,105	2,810			
Total	450,538	788,089	7,823	25,877	51,627	53,644	62,109	129,075	61,050	85,422	88,847	64,221	75,322	83,072			
			9,478	23,334	59,493												
Run 100%	-89,327	594,698	19,177	12,550	35,423	56,079	103,970	74,395	93,345	80,708	150,528	278,307	265,770	309,698	569,698		
Run Total	-89,327	594,698	19,177	12,550	35,423	56,079	126,970	92,395	111,345	98,708	168,528	296,307	283,770	327,698	587,698		
Employees																	
Engineers			3	3	3	3	3	4	5	5	5	5	5	5			
Mgmt/Sales			2	2	2	2	2	2	2	3	3	3	3	3			
Support			1	1	1	2	2	2	2	2	2	2	2	3			
Total			6	6	6	7	7	7	9	10	10	10	10	11			